

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE ENROLLED ACT No. 199

AN ACT to amend the Indiana Code concerning education finance.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 20-5-4-1.7 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION TO READ AS FOLLOWS** [EFFECTIVE JULY 1, 2001]: **Sec. 1.7. (a) For purposes of this section, "retirement or severance liability" means the payments anticipated to be required to be made to employees of a school corporation upon or after the termination of their employment by the school corporation under an existing or previous employment agreement.**

**(b) In addition to the purposes set forth in section 1 of this chapter, a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following limitations:**

- (1) A school corporation may issue bonds for the purpose described in this section only one (1) time.**
- (2) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's existing unfunded contractual liability for retirement or severance payments, as of June 30, 2001.**
- (3) The amount of the bonds that may be issued for the purpose described in this section may not exceed two percent (2%) of the total assessed valuation of property in the school corporation.**



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(4) Each year that a debt service levy is needed under this section, the school corporation shall reduce its total property tax levy for the school corporation's transportation, capital projects, or art association and historical society funds in an amount equal to the property tax levy needed for the debt service under this section. The property tax rate for each of these funds shall be reduced each year until the bonds are retired.

(c) Bonds issued for the purpose described in this section shall be issued in the same manner as other bonds of the school corporation.

(d) Bonds issued under this section must be issued before December 31, 2003.

(e) Bonds issued under this section are not subject to the petition and remonstrance process under IC 6-1.1-20.

SECTION 2. IC 20-5-64 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]:

**Chapter 64. Funding of School Corporation Retirement or Severance Plan**

**Sec. 1.** This chapter applies to a school corporation that:

(1) after June 30, 2001, establishes a retirement or severance plan that will require the school corporation to pay post-retirement or severance benefits to employees of the school corporation; or

(2) includes in a collective bargaining agreement or other contract entered into after June 30, 2001, any provisions to increase:

(A) the benefit; or

(B) the unfunded liability;

under any retirement or severance provisions that will require the school corporation to pay post-retirement or severance benefits to employees of the school corporation.

**Sec. 2.** (a) A school corporation must fund on an actuarially sound basis the post-retirement or severance benefits that will be paid to employees under a plan, an agreement, or a contract described in section 1(1) of this chapter or an increase described in section 1(2) of this chapter.

(b) A school corporation must place the assets used to fund on an actuarially sound basis the post-retirement or severance benefits in a separate fund or account, and the school corporation may not commingle the assets in the separate fund or account with



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**any other assets of the school corporation.**

SECTION 3. IC 20-5-4-1.7 IS REPEALED [EFFECTIVE DECEMBER 31, 2003].

SECTION 4. [EFFECTIVE DECEMBER 31, 2003]  
**Notwithstanding the repeal of IC 20-5-4-1.7, as added by this act, the following provisions apply to bonds issued under IC 20-5-4-1.7, as added by this act, before December 31, 2003:**

- (1) The bonds remain valid and binding obligations of the school corporation that issued them, as if IC 20-5-4-1.7 had not been repealed.**
- (2) Each year that a debt service levy is needed for the bonds, the school corporation that issued the bonds shall reduce its total property tax levy for the school corporation's other funds in an amount equal to the property tax levy needed for the debt service on the bonds.**

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President of the Senate

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President Pro Tempore

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Speaker of the House of Representatives

Approved: \_\_\_\_\_

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Governor of the State of Indiana

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